

CENTRALLY ASSESSED PROPERTY

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kay L. McIff

Senate Sponsor: Kevin T. VanTassell

LONG TITLE

General Description:

This bill amends provisions of the Property Tax Act relating to the mailing of property tax assessment notices.

Highlighted Provisions:

This bill:

- requires the State Tax Commission to notify an owner of certain centrally assessed property of its property tax assessment by certified mail;

- requires the State Tax Commission to notify an assessor of the county in which certain centrally assessed property is located of the property tax assessment by certified mail;

- provides that an owner of centrally assessed property, or the county assessor of the county in which the centrally assessed property is located, may object to the State Tax Commission's assessment within 30 days after the property tax assessment notice is mailed; and

- makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-2-201, as last amended by Chapter 360, Laws of Utah 1997

30 **59-2-1007**, as last amended by Chapter 190, Laws of Utah 2001

31

32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **59-2-201** is amended to read:

34 **59-2-201. Assessment by commission -- Determination of value of mining**
35 **property -- Notification of assessment -- Local assessment of property assessed by the**
36 **unitary method.**

37 (1) By May 1 of each year the following property, unless otherwise exempt under the
38 Utah Constitution or under Part 11 [~~of this chapter~~], Exemptions, Deferrals, and Abatements,
39 shall be assessed by the commission at 100% of fair market value, as valued on January 1, in
40 accordance with this chapter:

41 (a) except as provided in Subsection (2), all property which operates as a unit across
42 county lines, if the values must be apportioned among more than one county or state;

43 (b) all property of public utilities;

44 (c) all operating property of an airline, air charter service, and air contract service;

45 (d) all geothermal fluids and geothermal resources;

46 (e) all mines and mining claims except in cases, as determined by the commission, where
47 the mining claims are used for other than mining purposes, in which case the value of mining
48 claims used for other than mining purposes shall be assessed by the assessor of the county in
49 which the mining claims are located; and

50 (f) all machinery used in mining, all property or surface improvements upon or
51 appurtenant to mines or mining claims. For the purposes of assessment and taxation, all
52 processing plants, mills, reduction works, and smelters which are primarily used by the owner of
53 a mine or mining claim for processing, reducing, or smelting minerals taken from a mine or
54 mining claim shall be considered appurtenant to that mine or mining claim, regardless of actual
55 location.

56 (2) The commission shall assess and collect property tax on state-assessed commercial
57 vehicles at the time of original registration or annual renewal.

58 (a) The commission shall assess and collect property tax annually on state-assessed
59 commercial vehicles which are registered pursuant to Section 41-1a-222 or 41-1a-228.

60 (b) State-assessed commercial vehicles brought into the state which are required to be
61 registered in Utah shall, as a condition of registration, be subject to ad valorem tax unless all
62 property taxes or fees imposed by the state of origin have been paid for the current calendar
63 year.

64 (c) Real property, improvements, equipment, fixtures, or other personal property in this
65 state owned by the company shall be assessed separately by the local county assessor.

66 (d) The commission shall adjust the value of state-assessed commercial vehicles as
67 necessary to comply with Title 49, Section 11503a of the United States Code, and the
68 commission shall direct the county assessor to apply the same adjustment to any personal
69 property, real property, or improvements owned by the company and used directly and
70 exclusively in their commercial vehicle activities.

71 (3) The method for determining the fair market value of productive mining property is
72 the capitalized net revenue method or any other valuation method the commission believes, or
73 the taxpayer demonstrates to the commission's satisfaction, to be reasonably determinative of
74 the fair market value of the mining property. The rate of capitalization applicable to mines shall
75 be determined by the commission, consistent with a fair rate of return expected by an investor in
76 light of that industry's current market, financial, and economic conditions. In no event may the
77 fair market value of the mining property be less than the fair market value of the land,
78 improvements, and tangible personal property upon or appurtenant to the mining property.

79 (4) Immediately following the assessment, the owner or operator of the assessed
80 property shall be notified of the assessment by certified mail. The assessor of the county in
81 which the property is located shall also be immediately notified of the assessment by certified
82 mail.

83 (5) Property assessed by the unitary method, which is not necessary to the conduct and
84 does not contribute to the income of the business as determined by the commission, shall be
85 assessed separately by the local county assessor.

Section 2. Section **59-2-1007** is amended to read:

59-2-1007. Objection to assessment by commission -- Application -- Contents of application -- Amending an application -- Hearings -- Appeals.

(1) (a) If the owner of any property assessed by the commission, or any county upon a showing of reasonable cause, objects to the assessment, the owner or the county may~~[-on or before June 1, apply to the commission for a hearing], on or before the later of June 1 or a day within 30 days of the date the notice of assessment is mailed by the commission pursuant to Section 59-2-201, apply to the commission for a hearing.~~

(b) The commission shall allow the following to be a party at a hearing under this section:

(i) the owner; and

(ii) the county upon a showing of reasonable cause.

(2) The owner or county shall include in the application under Subsection (1)(a):

(a) a written statement setting forth the known facts and legal basis supporting a different fair market value than the value assessed by the commission; and

(b) the owner's or county's estimate of the fair market value of the property.

(3) (a) An owner's or a county's estimate on an application under Subsection (2) of the fair market value of the property may be amended prior to the hearing as provided by rule.

(b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for amending an estimate of fair market value under Subsection (3)(a).

(4) (a) An owner applying to the commission for a hearing in accordance with Subsection (1) shall for the property for which the owner objects to the commission's assessment file a copy of the application with the county auditor of each county in which the property is located.

(b) A county auditor receiving a copy of an application in accordance with Subsection (4)(a) shall provide a copy of the application to the county:

(i) assessor;

114 (ii) attorney;

115 (iii) legislative body; and

116 (iv) treasurer.

117 (5) (a) On or before August 1, the commission shall conduct a scheduling conference
118 with all parties to a hearing under this section.

119 (b) At the scheduling conference under Subsection (5)(a), the commission shall
120 establish dates for:

121 (i) the completion of discovery;

122 (ii) the filing of prehearing motions; and

123 (iii) conducting a hearing on the objection to the assessment.

124 (6) (a) The commission shall issue a written decision no later than 120 days after the
125 later of:

126 (i) the hearing described in Subsection (5)(b) is completed; or

127 (ii) all posthearing briefs are submitted.

128 (b) Any applications not resolved by the commission within a two-year period from the
129 date of filing are considered to be denied, unless the parties stipulate to a different time period
130 for resolving an application.

131 (c) A party may appeal to the district court pursuant to Section 59-1-601 within 30 days
132 from the day on which an application is considered to be denied.

133 (7) At the hearing on the application, the commission may increase, lower, or sustain
134 the assessment if:

135 (a) the commission finds an error in the assessment; or

136 (b) the commission determines that increasing, lowering, or sustaining the assessment is
137 necessary to equalize the assessment with other similarly assessed property.

138 (8) (a) (i) The commission shall send notice of a commission action under Subsection (7)
139 to a county auditor if:

140 (A) the commission proposes to adjust an assessment which was made pursuant to
141 Section 59-2-201;

- 142 (B) the county's tax revenues may be affected by the commission's decision; and
- 143 (C) the county has not already been made a party pursuant to Subsection (1).
- 144 (ii) The written notice sent by the commission under Subsection (8)(a)(i):
- 145 (A) may be transmitted by:
- 146 (I) any form of electronic communication;
- 147 (II) first class mail; or
- 148 (III) private carrier; and
- 149 (B) shall request the county to show good cause why the commission should not adjust
- 150 the assessment by requesting the county to provide to the commission a written statement:
- 151 (I) setting forth the known facts and legal basis for not adjusting the assessment; and
- 152 (II) within 30 days from the date of the notice.
- 153 (b) If a county provides to the commission a written statement in accordance with
- 154 Subsection (8)(a)(ii)(B), the commission shall:
- 155 (i) hold a hearing or take other appropriate action to consider the good cause alleged by
- 156 the county; and
- 157 (ii) issue a written decision increasing, lowering, or sustaining the assessment.
- 158 (c) If a county does not provide to the commission a written statement in accordance
- 159 with Subsection (8)(a)(ii)(B), within 30 days after the commission sends the notice described in
- 160 Subsection (8)(a), the commission shall adjust the assessment and send a copy of the
- 161 commission's written decision to the county.
- 162 (9) Subsection (8) does not limit the rights of any county as described in Subsection (1).